



STATE OF CONNECTICUT  
DEPARTMENT OF REVENUE SERVICES

SN 2003(17)

25 Sigourney Street  
Hartford CT 06106-5032

SPECIAL NOTICE

## 2003 Legislation Affecting the Insurance Premiums Tax

**Purpose:** This Special Notice discusses 2003 legislation affecting the insurance premiums tax.

**Effective Date:** For calendar years beginning on or after January 1, 2003.

**Statutory Authority:** 2003 Conn. Pub. Acts 1, §86 (June 30 Spec. Sess.).

**Definitions:** As used in this Special Notice:

- **General business tax credits** mean the:
  - Computer donation credit under Conn. Gen. Stat. §10-228b;
  - Electronic data processing equipment property tax credit under Conn. Gen. Stat. §12-217t;
  - Employer-assisted housing credit under Conn. Gen. Stat. §12-217p;
  - Historic homes rehabilitation credit under Conn. Gen. Stat. §10-320j;
  - Housing program contribution credit under Conn. Gen. Stat. §8-395;
  - Insurance reinvestment fund credit under Conn. Gen. Stat. §38a-88a; and
  - Neighborhood assistance act credit under Conn. Gen. Stat. §12-631 et seq.
- **Guaranty association assessment offset** means the Connecticut Insurance Guaranty Association (CIGA) assessment offset under Conn. Gen. Stat. §38a-841 and the Connecticut Life and Health Insurance Guaranty Association (CLHIGA) assessment offset under Conn. Gen. Stat. §38a-866.

**Tax Credit Restriction:** For calendar years beginning on or after January 1, 2003, the amount of tax credit or credits otherwise allowable against the insurance premiums tax for any calendar year may not exceed 70% of the amount of insurance premiums tax due (*not 70% of the amount of tax reported to be due*) for the calendar year prior to the application of the credit or credits.

For purposes of the tax credit restriction, the credit or credits mean and include:

- General business tax credits; and
- The Insurance Department assessment credit for 80% of the assessment paid under Conn. Gen. Stat. §38a-48 by a local domestic insurance company, as defined in Conn. Gen. Stat. §12-201, whose admitted assets do not exceed the thresholds established in Conn. Gen. Stat. §12-202.

For purposes of the tax credit restriction, the credit or credits do not include the guaranty association assessment offsets.

If the amount of tax credits otherwise allowable against the insurance premiums tax for any calendar year exceeds 70% of the amount of insurance premiums tax due for the calendar year prior to the application of the credits, the instructions for **Form 207**, *Insurance Premiums Tax Return/Domestic Companies*, and **Form 207F**, *Insurance Premiums Tax Return/Nonresident and Foreign Companies*, will address the order in which credits are to be applied.

**Revised Instructions for Estimated Insurance Premiums Tax Payment Coupons:** The Department of Revenue Services (DRS) will not revise **Forms 207 ESC** and **207 ESD** or **Forms 207F ESC** and **207F ESD**, which were previously mailed to domestic insurance companies and nonresident and foreign insurance companies, respectively. This Special Notice provides guidance for making the estimated insurance premiums tax payments due on September 15, 2003, and on December 15, 2003.

Line 2 of **Forms 207 ESC** and **207 ESD** instructs a domestic insurance company to multiply the tax shown on the 2003 Form 207 by 90%. Because the tax shown on the 2003 Form 207 is the tax *after* guarantee association assessment offsets, the Insurance Department assessment credit, and general business tax credits have been subtracted, the tax credit restriction affects the tax shown on the 2003 Form 207.

Similarly, Line 2 of **Forms 207F ESC** and **207F ESD** instructs a nonresident or foreign insurance company to multiply the tax shown on the 2003 Form 207F by 90%. Because the tax shown on the 2003 Form 207F is the tax *after* guarantee association assessment offsets and general business tax credits have been subtracted, the tax credit restriction affects the tax shown on 2003 Form 207F.

---

**Effect on Other Documents:** None affected.

---

**Effect of This Document:** A Special Notice announces a new policy or practice in response to changes in State or federal laws or regulations or to judicial decisions. A Special Notice indicates an informal interpretation of Connecticut tax law by DRS.

---

SN 2003(17)  
Insurance Premiums Tax  
Issued: 09/15/2003

**For Further Information:** Please call DRS during business hours, Monday through Friday:

- **1-800-382-9463** (in-state), or
- **860-297-5962** (from anywhere)

**TTY, TDD, and Text Telephone users only** may transmit inquiries anytime by calling **860-297-4911**.

---

**Forms and Publications:** Forms and publications are available anytime:

- **Internet:** Preview and download forms and publications from the DRS Web site at **www.ct.gov/DRS**
  - **DRS TAX-FAX:** Call **860-297-5698** from the handset attached to your fax machine and select from the menu.
  - **Telephone:** Call **860-297-4753** (from anywhere), or **1-800-382-9463** (in-state) and select **Option 2** from a touch-tone phone
- 

**Paperless Filing Methods (fast, easy, free, and confidential):**

- **For business returns:** Use *Fast-File* to file sales and use taxes, business use tax, room occupancy tax, or withholding tax returns over the Internet or telephone. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File Returns On-Line* or call **860-947-1988**.
  - **For resident income tax returns:** Use *WebFile* to file personal income tax returns over the Internet. Visit the DRS Web site at **www.ct.gov/DRS** and click on *File Returns On-Line*.
-